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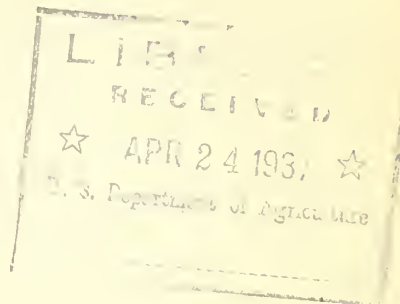
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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
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T H E H O G S I T U A T I O N

· Summary



Short supplies and high prices of corn resulting from the 1936 drought continued to be a major factor in the hog situation. With the recent sharp rise in corn prices, the hog-corn price ratio has become even more unfavorable for hog producers. This unfavorable ratio probably will cause marketings of 1936 fall pigs from most areas to be early this year. Little if any seasonal increase in hog slaughter may occur in the late spring, however, since marketings of last year's spring pigs are being completed earlier than usual, and will be relatively small by that time.

The December 1936 Pig Crop report indicated that the number of sows to farrow this spring would be about 5 percent smaller than the number farrowing last spring. In view of the short supplies of corn and the low hog-corn price ratio in recent months, it is likely that the reduction in spring farrowings will be at least as large as indicated in December. If corn crop prospects are favorable this summer, however, the number of sows bred to farrow in the fall of 1937 probably will be larger than the number farrowing in the fall of 1936. Such an increase in the number of sows retained for breeding along with the early marketings of fall pigs will reduce hog slaughter in late summer considerably.

Hog slaughter during the remainder of the 1936-37 marketing year (up to October 1) is expected to be smaller than that of the same period of 1935-36. This decrease in slaughter, however, will be more than offset by the increase over a year earlier in the stocks of pork on hand in the early spring. Despite the larger total supplies of hog products in prospect for the remainder of the year, hog prices probably will average as high as or higher than a year earlier, because of the stronger demand this year. With the seasonal decline in hog slaughter, it is likely that hog prices will rise by about the usual seasonal amount. Most of the advance probably will occur in July and August.

REVIEW OF RECENT DEVELOPMENTS

Hog prices continue steady in March.

Prices of hogs have been fairly steady during the past 2 months following the decline in January. The weekly average price of hogs per 100 pounds at Chicago throughout most of this period has been slightly above \$10. The Chicago average price for March was \$10.11, compared with \$10.24 a year earlier. Though the general level of hog prices did not decline in March, prices of lightweight hogs weakened somewhat.

March slaughter larger than year earlier

Slaughter of hogs under Federal inspection in March, totaling 3,033,000 head, was 7 percent larger than in February and 16 percent larger than in the corresponding month a year earlier. In all months of the present hog marketing year, which began October 1, 1936, inspected slaughter has been larger than in the corresponding months of the previous year. For the period from October through March 1936-37, inspected slaughter totaled 21,859,000 head, which was 38 percent larger than in the corresponding period of last year and 11 percent larger than 2 years earlier, but 13 percent smaller than the 5-year 1929-33 average.

The larger slaughter in March than in February was contrary to the usual relationship between these 2 months. While average weights of hogs marketed showed little change in March, market reports indicate that the proportion of lightweight unfinished hogs in the total supplies has been increasing. It also is reported that market receipts in recent weeks have included some hogs from the 1936 fall pig crop. This earlier-than-usual movement of fall pigs to market and the increased proportion of lightweight hogs in the supplies probably reflect the unusually low hog-corn price ratio prevailing during the past 6 months.

Corn prices advance; hog-corn ratio declines

Corn prices advanced sharply during March and early April with prices at Chicago reaching the highest level in more than 10 years. Since hog prices changed relatively little during this period, the ratio between hog prices and corn prices declined steadily during March. For the first week in April the ratio was lower than at any time during the present marketing year and was less than half as high as it was a year earlier.

Prices of hogs and corn at Chicago, and hog-corn price ratio,
by months, October - March, 1934-35 to 1936-37

Month	Average price			Average price per			Hog-corn price ratio,		
	per 100 pounds			bushel of No. 3			based on Chicago		
	of hogs			yellow corn			prices <u>1/</u>		
	1934-35	1935-36	1936-37	1934-35	1935-36	1936-37	1934-35	1935-36	1936-37
	Dollars	Dollars	Dollars	Cents	Cents	Cents	Bushels	Bushels	Bushels
Oct.	5.60	9.83	9.55	77.9	82.0	106.6	7.2	12.0	9.0
Nov.	5.66	9.31	9.48	83.4	62.1	104.7	6.8	15.0	9.1
Dec.	5.89	9.57	9.96	93.3	59.0	107.2	6.3	16.2	9.3
Jan.	7.70	9.85	10.24	90.8	60.8	112.2	8.5	16.2	9.1
Feb.	8.35	10.37	10.08	87.7	61.3	111.2	9.5	16.9	9.1
Mar.	9.09	10.24	10.11	83.3	60.8	116.0	10.9	16.8	8.7

1/ Number of bushels of corn equivalent in value to 100 pounds of live hogs.

The foregoing table shows prices of hogs and corn at Chicago and the ratio between such prices from October through March for the past 3 years. In 1934-35, following the 1934 drought, the ratio was very low in October, November and December, but it increased somewhat from January through March. In 1936-37, after the 1936 drought, the ratio in the first 3 months of the marketing year was somewhat higher than in the corresponding period of 1935, but it did not increase during the second quarter as it did 2 years earlier. In March of this year the hog-corn price ratio was lower than it was in March 1935 and was much below average.

The high prices of corn this year are largely the result of the short supplies of corn brought about by the two severe droughts in the past 3 years. As indicated in the March issue of this report, supplies of corn on farms in the early spring were very small, even smaller than 2 years earlier. The shortage of corn and other feed grains is greatest in the Western Corn Belt - the leading hog producing region, where the effects of the 1936 drought were most severe.

Wholesale prices of fresh pork advanced slightly during March. Prices of cured pork weakened somewhat in early March and then held about steady during the remainder of the month. Lard prices were about steady during March. As compared with a year earlier, prices of fresh pork and lard in March were up slightly but prices of cured pork were slightly lower.

Stocks of pork reduced slightly

Storage holdings of pork on April 1, totaling 756,000,000 pounds, were slightly smaller than a month earlier, but they were 68 percent larger than on April 1, 1936, and 21 percent greater than the 5-year April 1 average. Stocks of lard, amounting to 218,000,000 pounds, were the largest for April 1 on record and were the third largest ever reported for any month. The increase in the combined stocks of pork and lard on April 1 over those of a year earlier is roughly equivalent to the products obtainable from 2,800,000 hogs of average market weight.

Stocks of pork usually decrease considerably from May 1 to November, whereas holdings of lard usually increase from January to September. In view of the present large holdings, a larger than average out-of-storage movement of pork seems probable during the remainder of the 1936-37 marketing year.

Storage holdings of pork and lard on April 1, average 1932-36,
annual 1935-37, and March 1, 1937

Item	: Apr. 1 : average : 1932-36	: Apr. 1, : 1935	: Apr. 1, : 1936	: Mar. 1, : 1937	: Apr. 1 : 1937 : 1/
	: 1,000 : pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Pork -	:	:	:	:	:
Frozen	174,079	203,264	98,397	325,036	328,059
Dry salt, cured and in process of cure	96,345	73,556	88,348	84,190	89,145
Pickled, cured and in process of cure	357,006	350,526	263,404	366,462	338,891
Total.....	627,430	627,346	450,149	775,688	756,095
Lard	104,566	104,934	76,814	202,476	217,569

1/ Preliminary.

Exports continue small

Exports of pork in January and February were somewhat larger than a year earlier but were very small compared with exports of recent years prior to 1935. In the first 5 months of the present marketing year pork exports were slightly smaller than those of the corresponding months of 1935-36. Exports of lard thus far in the current marketing year have been at a low level, but they were slightly larger than in the period October - February 1935-36. In January and February this year lard exports were smaller than in the corresponding months of 1936.

Pork imports increase

Imports of pork increased materially in early 1937. In January and February they totaled about 11,962,000 pounds compared with 4,210,000 pounds imported in January and February 1936. The largest single item in the imports of pork this year was hams, which were received chiefly from Poland. Imports of cured pork in January and February totaled 8,500,000 pounds, and those of fresh and frozen pork in these 2 months amounted to 3,400,000 pounds.

Probably for the first time on record, imports of pork in February exceeded the exports of this product. For 2 months, January and February combined, the excess of imports over exports amounted to about 3,800,000 pounds. When compared with the total dressed weight of inspected hog slaughter in January and February, amounting to about 1,034,000,000 pounds, it will be observed that these net imports of pork are very small in relation to domestic production.

The increase in imports during the last few months probably is a reflection of the higher prices for hogs and pork in the United States than in other countries. Slaughter supplies of hogs in recent months in this country, while larger than a year earlier, are still below average. Domestic demand conditions have been relatively favorable in the last year. Incomes of industrial workers in the United States in 1936 were at the highest level since 1930. In 1932, when prices of hogs declined to the lowest level in about a half-century, imports of pork were negligible.

The low level of hog prices in 1932, of course, was not the result of the negligible imports, nor was the high level of prices in 1937 caused by the larger imports; rather, the increased imports early this year were made possible in part by the relatively high domestic prices of hogs and pork.

OUTLOOK

BACKGROUND - In the March issue of this report it was indicated that, on the basis of the size of the United States pig crop in 1936 and the number of hogs marketed from October through March 1936-37, hog slaughter during the remainder of 1936-37 probably would be smaller than that of a year earlier. It was stated, however, that this decrease in hog slaughter would be more than offset by the increase over a year earlier in storage stocks of hog products on hand in the early spring of this year. In view of the improved demand conditions it was indicated that hog prices during the remainder of 1936-37 (up to October 1) probably would average higher than in the same period last year despite the larger total supplies of hog products in prospect. The December 1936 pig crop report indicated that the number of sows to farrow in the spring of 1937 would be about 5 percent smaller than the number farrowing last spring. Conditions since December have not been such as to cause the decrease to be smaller than indicated by the December report.

One of the major factors in the present hog situation continues to be the short supplies and high prices of corn. With the recent sharp rise in corn prices, the hog-corn price ratio has become even more unfavorable for hog producers. This unfavorable ratio probably will cause marketings of 1936 fall pigs to be earlier than usual this year. However, little if any seasonal increase in hog slaughter may occur in the late spring, since the market movement of hogs from last year's spring pig crop apparently is being completed earlier than usual.

As was indicated in the March issue of this report, many producers will follow the practice of marketing 1936 fall pigs as soon as possible this spring, while other producers, particularly those in the Western Corn Belt, may hold over a considerable number of fall pigs until late summer and then finish them on the new crop of small grains. Whether this latter practice will be followed very generally depends largely upon pasture and crop conditions this spring and summer.

If corn crop prospects are favorable this summer it seems likely that the number of sows bred for fall farrow will be larger than a year earlier. The retention of an increased number of sows for breeding probably will result in a considerably smaller hog slaughter in the late summer (July - September) than in the same period last summer. Also, if corn prospects are favorable, the market movement of 1937 spring pigs will be later than usual since such pigs will be held for finishing on new corn. In the summer of 1936, when drought conditions became severe, there was considerable liquidation of sows and spring pigs, which resulted in a material increase in slaughter supplies at that time.

Since a fairly large number of fall pigs probably will be marketed earlier than usual and some may be held over to be marketed in the early fall, the seasonal reduction in hog slaughter after June is likely to be greater than usual, especially if marketings of packing sows also are relatively small in this period.

Consumer demand for hog products thus far in 1936-37 has been somewhat stronger than in 1935-36, and it is probable that during the remainder of the present marketing year it will continue at a higher level than last year. In the next 6 months, however, further improvement in consumer demand from the present level is somewhat uncertain.

As hog slaughter declines with the approach of summer, it is likely that hog prices will advance by about the usual seasonal amount. Most of the advance probably will occur in July and August. Although hog slaughter in the late summer is expected to be smaller than that of a year earlier and demand conditions are likely to be better, the relatively large out-of-storage movement of hog products in prospect for that period probably will prevent the advance in hog prices from being greater than average during the period.

Supplies of hogs and hog products, specified periods

Item	Unit	Oct. - Sept.					Oct. - Feb.		
		Feb.	Jan.	Feb.	Average:				
		1936	1937	1937	1928-29:1934-	1935-	1935-	1936-	
					to	35	36	36	37
					1932-33:				
Inspected slaughter <u>1/</u>	thou- sands	2,319	3,519	2,842	46,363	30,680	31,022	13,179	18,826
Live weight:									
Average	pound	222	217	219	231	220	232	227	215
Total	mil.lb.	515	765	623	10,723	6,742	7,191	2,997	4,045
Dressed weight:									
Average	pound	169	162	164	175	164	175	171	160
Total	mil.lb.	390	570	464	8,069	5,012	5,402	2,254	3,001
Yield of lard per :									
100 lbs.live									
weight of hogs...	pound	12.9	11.9	11.6	15.2	11.6	12.1	11.4	11.5
Production of lard:	mil.lb.	66	90	72	1,630	790	870	343	465
Apparent "									
consumption:									
Pork,incl.lard...	" "	363	455	406	7,171	5,102	5,124	1,993	2,449
Lard	" "	56	45	48	961	730	712	273	321
Exports: <u>2/</u>									
Pork	" "	4	4	5	211	104	69	25	23
Lard	" "	8	9	5	657	142	101	36	43
Imports of pork <u>2/</u> :	" "	2	6	6	6	7	32	8	25
Proportion of sows:									
in inspected									
slaughter <u>3/</u>	percent	46.6	48.0	48.0	51.2	51.3	52.0	48.1	49.2

1/ Bureau of Animal Industry.

2/ United States Department of Commerce. Pork includes bacon, hams and shoulders, and fresh, canned and pickled pork. Lard includes neutral lard.

3/ Includes gilts.

Prices of hogs and hog products, specified periods

						Oct. - Sept.		Oct. - Mar.	
						Average:			
Item	Unit	Mar. 1936	Feb. 1937	Mar. 1937	1928-29 to 1932-33	1934-35	1935-36	1935-36	1936-37
	Dolls.								
Average price:	per 100:								
Seven markets....	lbs.	10.03	9.88	9.96	<u>1</u> /	8.18	9.64	9.60	9.68
Chicago	"	10.24	10.08	10.11	6.99	8.42	9.90	9.86	9.97
United States average :	:								
price received by :	:								
farmers	"	9.17	9.19	9.17	6.48	7.54	9.15	9.04	9.13
Prices of hog products,	:								
Chicago:	:								
Loins,8-10 lbs....	"	20.00	18.81	20.39	17.07	20.08	21.21	20.71	18.73
Hams,smoked,reg. :	:								
No.1,10-12 lbs....	"	25.12	23.46	22.95	20.31	21.62	26.58	27.07	23.31
Bacon,smoked, :	:								
No.1 dry cure, :	:								
6-8 lbs.	"	30.25	27.59	26.95	23.71	28.24	30.86	32.12	27.23
Lard,refined, :	:								
H.W.tubs	"	11.88	13.30	13.15	9.68	14.29	12.65	13.35	13.23
Composite wholesale :	:								
price of hog products.	:								
New York	"	20.75	20.55	20.38	17.36	20.49	21.93	22.52	20.51
Average price of No.3 :	cents :								
Yellow corn,Chicago..	per bu.	61	111	116	62	86	74	64	110
Hog-corn price :	:								
ratio <u>2</u> / :	:								
Chicago	bushel	16.8	9.1	8.7	11.6	9.9	14.1	15.5	9.0
N.C. States	"	18.8	9.0	9.0	12.9	10.0	15.8	17.7	9.2
Proportion of packing :	:								
sows in total packer :	:								
and shipper purchases:	:								
Seven markets <u>3</u> /	percent:	5.0	4.0	4.0	<u>1</u> /	<u>1</u> /	16.0	9.0	6.0
Average weight at :	:								
seven markets	pound	240	223	227	<u>1</u> /	229	241	234	217
	:								
	:								

1/ Not available.2/ Number of bushels of corn equivalent in value to 100 pounds of live hogs.3/ Monthly figures computed from weekly averages.